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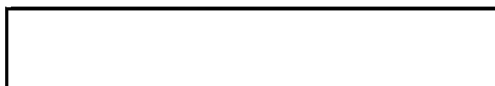
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## THE SOVIET WORLD

By electing N. S. Khrushchev as the party's first secretary, the 7 September plenum of the USSR Central Committee confirmed a situation which has existed since G. M. Malenkov left the Secretariat on 14 March. While Molotov may continue to be ranked second in official listings, Khrushchev would appear to be above him in actual influence.

The Central Committee decree following Khrushchev's report to the plenum places an increased emphasis on agriculture and will have far-reaching economic and political effects. The new program establishes goals for sharp increases in livestock, vegetable, and fodder production by 1954. These are to be achieved by improving the organization and methods of production, by substantial additional investment in capital equipment, and by providing additional material incentives for both the individual farmers and collective farms.

To carry out this program, the Kremlin subsequently announced important ministerial changes in agriculture, trade, and the consumer goods industries. These shifts include the re-establishment of the Ministry of State Farms apart from the Ministry of Agriculture and Procurement, the reorganization of the Ministry of Internal and Foreign Trade into two distinct ministries, and the similar division of the light manufacturing and food industries. These changes point up the political character of the ministerial mergers following Stalin's death and suggest that the internal political scene is now sufficiently stable to permit the delegation of responsibility necessary for more efficient administration. They also suggest that the government intends to fulfill the promises Malenkov made on 8 August to increase the output of consumer goods and food.

The East German regime appears to be doing what it can to limit the Western food distribution program without resorting to measures that could result in a dangerous popular expression of resentment. The regime is handicapped to some extent by the reluctance of the police and railroad personnel on the working level to carry out the repressive measures required of them. The confiscation of food parcels by East German customs authorities and police has continued on a varying scale, with the result that about half of the food recipients -- who now number approximately 65,000 daily -- have been leaving their parcels in West Berlin for future disposition.

The Satellite regimes continue to announce and implement economic concessions. In a major policy statement on 8 September, Bulgarian premier Chervenkov indicated for the first time some modification of his internal program by promising help to agriculture -- mostly cooperative farms -- through increased investment and a reduction of taxes and crop collection quotas. He also hinted at more stress on consumer goods production and a slight de-emphasis on the development of heavy industry.

Polish premier Beirut took a similar line on agriculture in a 6 September speech. In addition to state aid to both private and cooperative farmers, which he promised on 21 July, Beirut pledged an increase in the production of agricultural machinery. Rumania and Albania have introduced new measures to encourage agricultural production by lightening the tax burdens of the peasants, and Rumania also has reduced various tax rates affecting communal services. The Hungarian government has announced price reductions ranging from 12 to 40 percent on some 10,000 food and industrial products including clothing, bread, and sugar, but not meat and dairy products.

On 15 September the Czech National Assembly was convoked, six weeks earlier than usual, to approve a reorganization and simplification of the government similar to those carried out earlier in the USSR, Hungary, and Albania, and a more liberal domestic policy along the lines announced in other Satellites.

## VIET MINH FALL OFFENSIVE IN TONKIN DELTA APPEARS PROBABLE

Fragmentary indications suggest that the Tonkin delta will be the principal theater of Viet Minh operations this fall (see map, p. 8). The current disposition of the enemy's regular forces and their improved supply position, however, are such that the Viet Minh could simultaneously launch diversionary attacks in Laos and in central Vietnam.

Operations in Tonkin usually start in October. The Viet Minh may choose, however, to move earlier this year in view of the announced intention of General Navarre to seize the initiative. If the French are actually planning an offensive of their own, the Viet Minh, whose intelligence is excellent, would probably have foreknowledge of it.

During the summer, intensive activities along the principal lines of communication into Laos strengthened a widely held belief that the Viet Minh would resume its conquest of that state at the end of the rainy season. Within the past few weeks, however, these activities appear to have largely subsided. This and the reported return to Tonkin of two regular battalions which had been operating in Laos suggest that the enemy plans only minor action there this fall.

Largely on the basis of these negative indications regarding Laos, French officials expect extensive Viet Minh action in the Tonkin delta, which they consider the only other important objective within the enemy's capability. Their deduction has been given some recent support by the Viet Minh high command's reported interest in French dispositions in the southern sector of the delta and by the movement of the 320th division to positions along the delta's southwestern periphery. An independent regiment has reportedly begun to infiltrate the delta in the same general direction.

The French are seriously worried over the possibility of heavy attacks on the delta. Security there deteriorated seriously during the last campaign season as the result of the diversion of large elements of French forces to counter Viet Minh operations in northwestern Tonkin and Laos. More recently a marked improvement in Viet Minh sabotage techniques has been noted which threatens to immobilize a considerable number of Franco-Vietnamese troops. The situation had become so serious in late July [redacted] that the Viet Minh was capable of overrunning the delta if it was prepared to incur the necessary casualties.

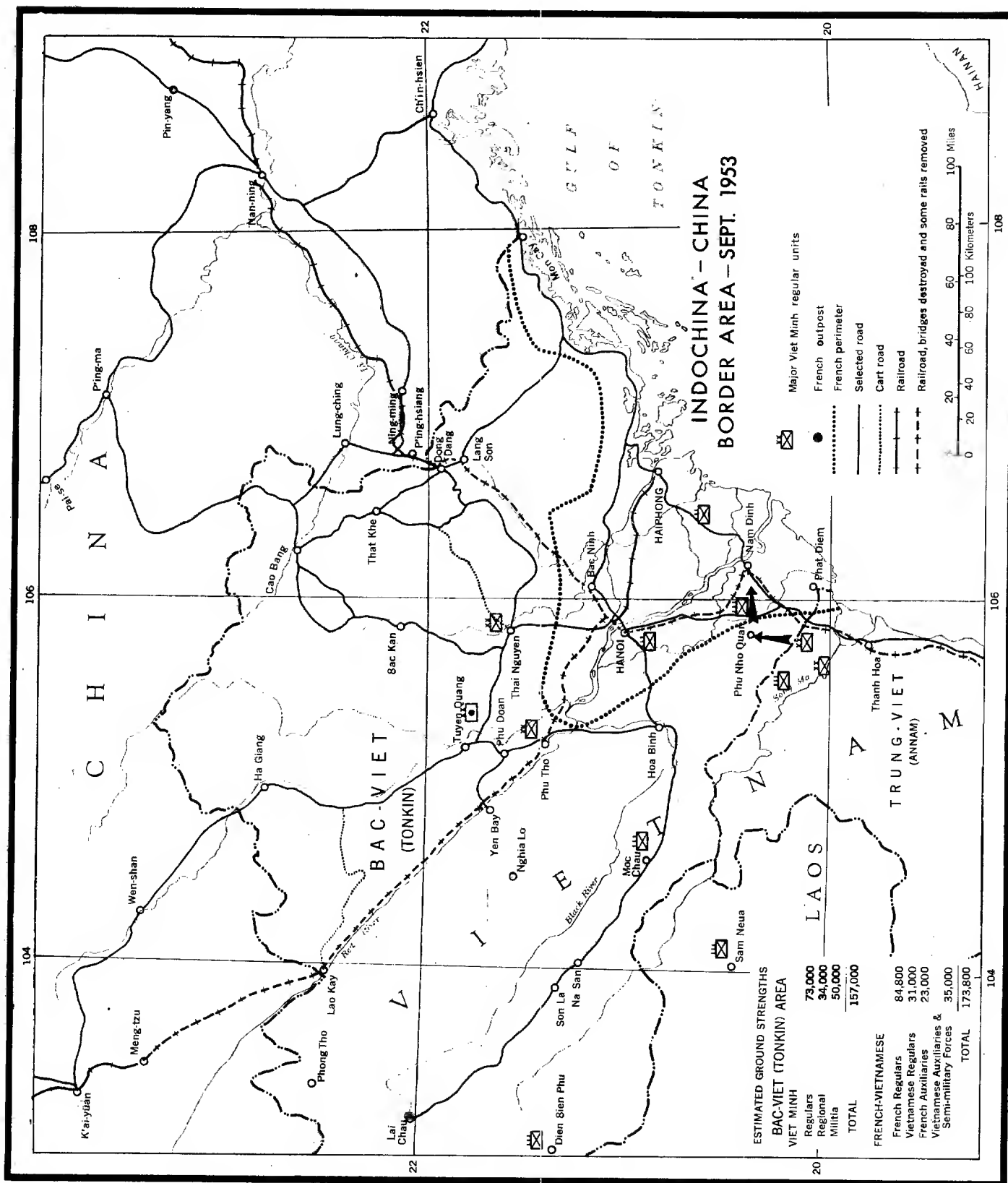
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As in 1951 and 1952, the Viet Minh has been able to use the rainy season to rest, train, and resupply. The French raid on Langson in mid-July constituted the only serious interference with these activities. There is little indication that the French will act quickly enough to prevent the enemy from choosing the locus and nature of the fall operations.

Whatever course of action the Viet Minh embarks on this fall, its capabilities for sustained offensive action are at an all-time high as a result of a marked increase in Chinese aid and the relatively light casualties suffered during the last campaign season.

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## THE TUDEH PARTY UNDER THE ZAHEDI REGIME

Prime Minister Zahedi's vigorous anti-Communist campaign has impaired Communist morale in Iran and hampered the activities of the Tudeh. Repressive efforts such as those now under way will have little more than a transitory effect unless in the months to come Tudeh activity is kept under constant government pressure.

Estimates of Tudeh strength vary widely and are at best informed guesses. There may be between 20,000 and 35,000 card-carrying members with an estimated hard-core of 1,000. Sympathizers may number between 170,000 and 400,000.

General Zahedi, fearing a widespread Tudeh outbreak against his government, moved to break the power of the Communists as soon as he took over. The police and army were alerted, Tudeh headquarters were raided, Tudeh printing presses were seized and incriminating documents captured. Rewards were offered for information leading to the capture of Tudeh cells and individual members. By mid-September over 1,300 suspects had been arrested. Many of them are presumed to be card-carrying members and some have been named as belonging to the party's top central committee.

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There has been a nearly complete suspension of overt Tudeh activities. The Communist front press has ceased publication.

Initial Tudeh efforts to form a united front with remnants of the pro-Mossadeq factions have apparently slackened, and captured party instructions indicate that the current emphasis is on securing the safety of members and property against further government attack.

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Despite the immediate effect of the government campaign against Tudeh activities, there are signs that the present round-up may not prove any more effective in the long run than similar earlier repressions. The basic structure of the party is still intact. The purge of Tudeh members from the government ministries is reportedly being slowed by the ministers' insistence that they do not know which of their employees are Communists and that they therefore cannot act with despatch.

There is serious doubt that the Iranian army will succeed in permanently weakening the Tudeh. Current army plans for the speedy release of rank and file members and the decision to exile Tudeh captives to Luristan in southwestern Iran, a relatively unsettled province, are typical of past efforts to repress Communism. Such efforts have generally proved unsuccessful, primarily because the government underestimates the strength of Tudeh indoctrination.

The Communists' assertion that the government is unable and unwilling to improve the lot of the masses has a major appeal for the Iranian people. While both the shah and Zahedi apparently desire to improve living standards, they have inherited from Mossadeq not only an empty treasury but a weakened structure of constitutional government. Without funds, without plenary powers, and without a functioning Majlis, the prime minister is handicapped in efforts he may make toward social reform.

While in the long run the appeal of Communism to Iranians can be lessened by improving their economic and social position, constant and firm pressure by the military is the only procedure which holds promise of extended success in the near future.

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## USSR INTENSIFIES APPROACHES TO FRANCE

Recent Soviet approaches to France suggest that the USSR is intensifying its efforts to thwart Western defense plans in both Europe and Asia by playing on France's fear of German rearmament and its growing desire to drop the burden of the Indochina war.

This effort was particularly evident in Malenkov's 8 August speech which singled out France for attention. Malenkov contended that "implementation of the European Defense Community would mean the surrender of France to the German revanchists" and suggested that more reliance be placed on the existing French-Soviet mutual assistance pact as a solution.

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In its propaganda the Soviet Union has also been attempting to encourage a French policy which would be independent of the United States. Broadcasting in French on 26 August, Moscow emphasized the "traditional cultural ties" between the USSR and France and termed the 1944 French-Soviet treaty of alliance as important for the "defense of the vital interests of France."

The French strikes in August were treated in Soviet propaganda as a popular reaction to the government's "pro-American policy," allegedly dedicated to speedier rearmament, continuing the war in Indochina, and above all restoring the German Wehrmacht, "the deadly enemy of France."

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In addition to approaches on the German problem, the USSR has hinted in its propaganda that the Indochinese war can be settled by negotiation. Soviet propaganda attention to the subject of Indochina since the Washington conference of the Western foreign ministers in July further suggests a Communist effort to increase pressure within France to liquidate the war at any cost.

The Soviet Union also is finding trade useful as a weapon to achieve its aims. The French press heralded the new Soviet-French trade agreement signed in July as economically favorable to France and as further evidence of relaxed tension between the East and West.

While the French government wishes to avert German rearmament and to end the drain of the Indochina war, it is also acutely aware of the USSR's real aims and of the advantages of France's ties with its allies. There is no evidence that French officials reacted favorably to the recent Soviet overtures. It is unlikely that the French government would undertake bilateral negotiations with the USSR without prior consultation with the United States and Britain.

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**SOVIET UNION TAKES MEASURES TO INCREASE  
CONSUMER GOODS AND AGRICULTURAL OUTPUT**

The Soviet government has in recent weeks embarked on a number of reorganization and economy measures apparently designed to improve the output of consumer goods and agricultural products while maintaining a high level of heavy industrial and military production.

These measures have included the division on 14 September of three economic ministries previously concerned with agriculture, trade, and the production of food and consumer goods into six ministries; the promulgation on 7 September of a new agricultural decree calling for a substantially larger allocation of heavy industrial output to agriculture; and an economy drive in all sectors of Soviet industry.

In connection with the ministerial reorganization, A. I. Mikoyan, a member of the party presidium and fourth-ranking man in the governmental hierarchy, has been named minister of internal trade, thereby focusing the attention of the USSR's top expert in foreign and domestic trade on internal problems alone. For the first time a Ministry of the Consumer Goods Industry has been established, and a former politburo member, A. N. Kosygin, has been named as head. According to announcements at the Supreme Soviet meeting last month, the reorganization of ministries throughout the government since March is to result in savings of 6.5 billion rubles this year.

The agricultural decree of the Communist Party Central Committee sets forth a series of far-reaching measures to promote a much more rapid rate of agricultural development. It specifies a larger allocation of heavy industrial output to agriculture than is provided for in the current Five-Year Plan.

The new program calls for a substantial increase over 1952 in the delivery of tractors, and for sharp increases in livestock, vegetables, and fodder production by 1954. The machine building, electric power, chemical, building materials and construction industries are all directed to expand substantially their support of increased agricultural output. Heavy industry is also to participate directly in expanding the manufacture of consumer goods.

Along with increased emphasis on party control of farming, there is to be a large-scale expansion of schools and training facilities to produce agricultural experts. In the interim some production experts and engineers are to be transferred from industry to agriculture.

In an effort to effect economies in all industrial plants, Malenkov in his 8 August speech to the Supreme Soviet called for an increased proportion of workers to be utilized directly on the production lines at the expense of auxiliary, maintenance, and administrative personnel. The USSR has hitherto been able to use only a relatively small part of its nonagricultural labor force in direct production activities.

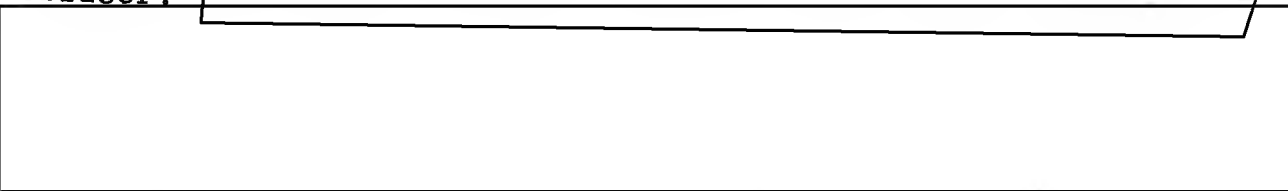
Since the Soviet budget for 1953 depends to a greater extent on profits from state enterprises, these and other measures to reduce plant production costs in order to "achieve the profitability of every enterprise" are now of extreme importance.

PHILIPPINE GOVERNMENT PARTY APPARENTLY  
PLANNING FRAUD IN NOVEMBER ELECTION

The Nacionalista Party in the Philippines is counting heavily on the popularity of its presidential candidate, Ramon Magsaysay, to carry it to victory in next November's elections. Through arbitrary use of executive power, however, the incumbent Liberals are in a position to frustrate the popular will. There are strong indications that Liberal Party leaders, despite the danger of a violent popular reaction to a fraudulent victory, are preparing to use every device available to retain control of the administration.

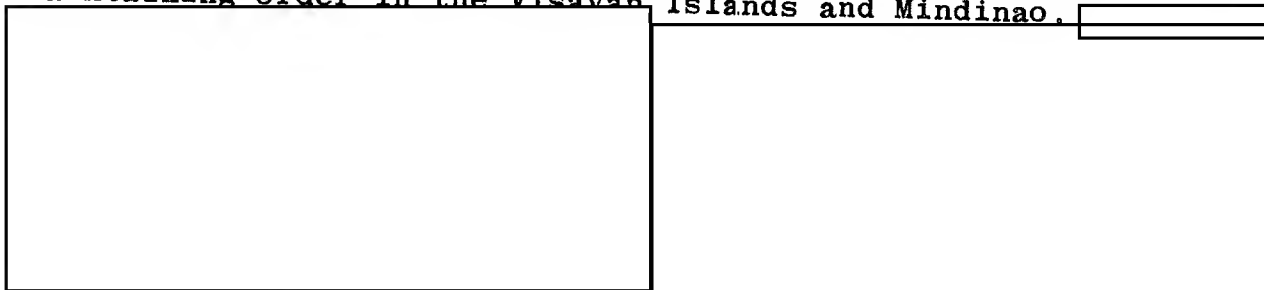
A number of political reassignments within the army since Magsaysay's resignation as defense secretary last spring indicate the government's intent to use the military to assure a Liberal victory. There are rumors that Chief of Staff Duque, who has himself often bowed to political pressure, will be replaced by Brigadier General Arellano, an even more pliable officer.

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There are also indications that the administration plans legal harassment of the opposition. Two top Nacionalista leaders were recently indicted for income tax evasion, and on 10 September Speaker of the House Perez, a Liberal stalwart, reportedly hinted that the constabulary might make a mass arrest of opposition leaders for a plot to "disturb the elections."

Political reassignments at the provincial command levels of the constabulary indicate that it may again, as in 1949, become a political instrument. In April President Quirino transferred from the army to the police the responsibility for maintaining order in the Visayan Islands and Mindinao.



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[redacted] Tony Quirino and House Speaker Perez have been negotiating for several months with the Communist-led Huks in the hope of crediting the Liberals with a settlement of the Huk rebellion before November. The Huks allegedly are being promised amnesty and the cessation of government military operations in return for assistance in re-electing Quirino.

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[redacted]

The Liberals have placed a number of loyal Quirino men in key provincial offices where they can influence votes and watch the polls. If the Liberals use the Huks and other terrorists, or army and constabulary units to coerce voters and harass opposition leaders, Magsaysay's fight for the presidency will be an extremely difficult one. The reaction of the public and of a large element of the armed forces to such methods could result in a civil uprising and in pressure for Magsaysay to seize power.

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## THE GUATEMALAN COMMUNISTS' DESIGNS ON NEIGHBORING STATES

From their position of growing strength in the Guatemalan government, the Communists are continuing their efforts to promote the establishment of sympathetic regimes in the other Central American republics. The deteriorating political situation in Honduras favors this objective.

The Guatemalan Communists have long furnished guidance, militant propaganda assistance, and probably financial aid to their comrades in neighboring countries. Through party and front groups they provide the basic Communist liaison organization in Central America. The Guatemalan government, partly from its long-standing hostility to the "dictatorial" governments of the area and partly from the effects of Communist infiltration, is providing many Central American political refugees, including Communists, with a friendly haven and frequently with government jobs.

Honduras, already in political ferment over the October 1954 presidential election, is the most vulnerable to Communist subversion. The growing split within the Nationalist Party between the supporters of ex-dictator Carias and those backing President Galvez for re-election threatens to put an end to the Nationalists' 20-year rule and give victory to the Communist-infiltrated Liberal Party. As the political situation grows more tense, law and order are noticeably deteriorating. Rumors of an impending coup d'etat by one or another of the factions are increasing.

Guatemalan Communists have actively intervened in the confused Honduran political picture. They have given direction and aid to the various Honduran front groups, and Honduran Communist publications are frequently printed in Guatemala. A potential Liberal Party presidential candidate next year, Angel Nunez Aguilar, now holds a government job in Guatemala.

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The Communists have had only limited success in the other Central American countries. In Costa Rica, they apparently suffered at least a temporary setback when Jose Figueres was

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elected president in July over their opposition. In the long run, however, the Communists may be able to capitalize on Figueres' nationalistic program, particularly with respect to foreign investments.

Recognizing that the trend in Guatemala threatens them, the stable governments of El Salvador and Nicaragua have taken effective steps to guard against it. Together with other Central American republics, they are pressing for the creation of machinery for controlling the movements and propaganda of Communists and for exchanging intelligence on their activities.

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## POTENTIALITIES OF THE ARAB-ASIAN BLOC

The 16-member Arab-Asian bloc in the UN remains a source of friction between the United States and its allies as well as a sensitive area for Orbit diplomatic maneuvering.

The core of the bloc consists of the Moslem states of the Arab League--Egypt, Saudi Arabia, Yemen, Lebanon, Syria, and Iraq. Weaker in allegiance are the non-Arab Moslem countries of Iran, Pakistan, Afghanistan and Indonesia. India often influences Burma in a regional sub-bloc which shares anticolonialism, but not strong religious affiliations, with the Moslem group. The remainder of the bloc, including Thailand, the Philippines, Ethiopia, and Liberia, is given to occasional anticolonial pronouncements but usually votes with the West.

The countries most nearly approach unanimity on anti-colonialism. Of the bloc, Ethiopia alone failed to support the Moroccan and Tunisian items for the agenda of the Eighth General Assembly. Although Liberia and, to a lesser extent, Lebanon might weaken under strong French pressure, outbreaks of serious violence in French North Africa would increase the bloc's determination to press these issues.

The Arab-Asians, as a whole, favor conciliation of Communist China. Almost all voted to include India in the Korean political conference, and they are likely to support a Burmese complaint against the Chinese Nationalist government. However, India's assumption of the role of leading peacemaker between East and West induces Pakistan to break away from the bloc, and this split will probably last as long as the Kashmir problem remains unresolved. In addition, stronger Ethiopian and Pakistani interest in the development of a Middle East defense organization brings these two nations into closer alignment with the West and separates them from the Arab states, which fear such an organization would lead to the perpetuation of British imperialism.

On the Palestine question, though the Arab states are united in bitter hostility toward Israel, the bloc's South and Southeast Asian and African members have little interest in this problem and are reluctant to become involved.

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Arab-Asian neutralism and the open-door attitude toward UN membership are obvious targets for Soviet manipulation, particularly on the question of admitting Communist China. The abstention record of the bloc, however, suggests that members are likely to be as independent of Eastern as they are of Western pressures. Geographic proximity to the USSR makes some border countries fear an excessive increase of Orbit strength, while others, particularly the Arabs, are concerned over the threat of local Communism.

Nevertheless, the anticolonial feeling in the area is subject to effective Communist propaganda exploitation. The USSR has nothing to lose by encouraging Arab-Asian intransigence on North Africa and on questions involving the UN Trusteeship Council; Western opposition to the bloc on these issues can be plausibly depicted as an imperialist conspiracy. The Arab-Asians have been wary of such Soviet overtures in the past, but further disappointment with the West may make at least the Arab states more sensitive to Communist entreaties.

While the Arab-Asians have often been divided on important world issues during the bloc's three-year existence, their voting record, their increasingly frequent joint meetings, and their sponsorship of petitions to the UN have demonstrated a growing cohesion. For the short run, the political, economic, and military weaknesses of individual members may continue to make them vulnerable to big-power pressures. Growing political experience and confidence, however, as well as recognition that there is strength in unity, suggest the group as a whole will adopt an increasingly independent attitude in the future.

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